

PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
COMMISSION DIRECTIVE

ADMINISTRATIVE MATTER



DATE _____

January 20, 2010

MOTOR CARRIER MATTER

DOCKET NO.

2009-226-E

UTILITIES MATTER



ORDER NO.

SUBJECT:

DOCKET NO. 2009-226-E - Application of Duke Energy Carolinas, LLC for Authority to Adjust and Increase Its Electric Rates and Charges – Discuss this Matter with the Commission.

COMMISSION ACTION:

I move that we approve an increase in revenues for the Company in the amount of \$74.125 million, with a rate of return on equity of 11%, but with new rates set at 10.7%. The revenue increase will be subject to the proposed decrement to return DSM monies, an increment, Rider EE, effective February 1, 2010 to compensate for the modified save-a-watt program, which will be updated annually, an increment rider for coal inventory, a pension expense rider to be treated in accordance with the terms of the Settlement Agreement, and a decrement rider to return \$26 million of the balance of the Nuclear Electric Insurance Limited regulatory liability account to its South Carolina customers. I would note that these provisions were part of a Settlement Agreement reached by all parties except for the Green Party as a just and reasonable resolution to this case. I further move that we adopt all of the additional provisions of the Settlement Agreement, including the proposed accounting adjustments, and require that the revised tariffs reflecting the new rates be e-filed within five days of the order. I also believe that establishment of the storm reserve is reasonable, as is the proposed Settlement Agreement allocation of the rate increase between the customer classes. I would also note that no rate class favoritism is present in the settlement agreement. The apparent industrial class decrease is due primarily to the DSM decrement, which is returning to Duke's customers' monies that have been previously collected from them under the prior DSM program, in proportion to their contributions.

Further, I believe that the modified save-a-watt program should be adopted as proposed. The proposal in this docket addresses many of the Commission's concerns with the original proposal, including: reducing program complexity and increasing transparency; limiting possible returns on save-a-watt investment; providing more ORS and Commission input into program selection, implementation and oversight; and, providing additional program safeguards, and the Commission appreciates the Company modifying its original proposal accordingly. I believe that the modified save-a-watt program will prove to be beneficial to consumers in promoting the important goal of energy efficiency. I would note that, in addition to the rate and modified save-a-watt matters both being part of the Settlement Agreement, substantial evidence was independently furnished by the witnesses to support the Commission's findings in this Motion on these issues.

In addition, I move that our Order include a caveat about the use of the blended state income tax rates as part of the Settlement Agreement. Although I believe that, in the absence of any contrary evidence, the methodology should be adopted for use in this case, I also believe that the parties should evaluate and specifically address the effect of applying the stand-alone

South Carolina state income tax rate in future cases.

I believe that this Commission is aware of the fact that the nation is still in the midst of a recession and that a rate increase will be difficult for customers to absorb. However, I also believe that at the same time, this Commission is aware of the fact that the evidence in this particular docket shows that this Company has made and continues to make investments in order to comply with regulatory requirements and provide reliable electric utility service to its customers at just and reasonable rates. I believe that this Commission should hold that the Settlement Agreement represents a just and reasonable resolution of the issues in this proceeding and therefore is in the public interest. I therefore move that the Settlement Agreement be adopted in its entirety as the resolution to this case, including, but not limited to the provisions as outlined above.

PRESIDING: Fleming

SESSION: Regular

TIME: 2:30 p.m.

	MOTION	YES	NO	OTHER
FLEMING	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HAMILTON	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HOWARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
MITCHELL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WHITFIELD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WRIGHT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

(SEAL)

RECORDED BY: J. Schmieding

